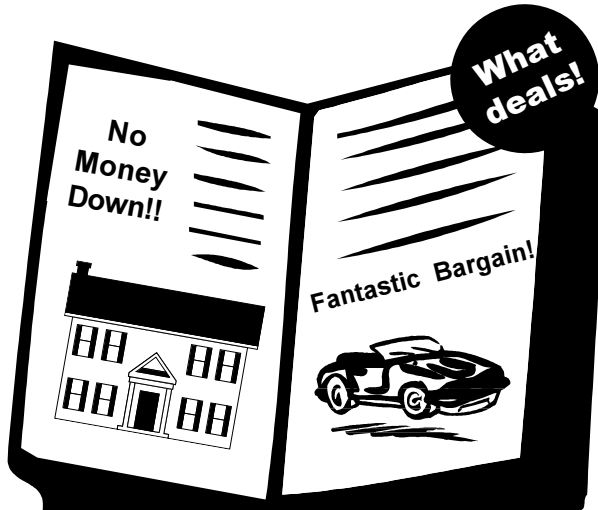


Facts

for Consumers

AUCTION GUIDES



NOT So HOT PROPERTIES

Federal Trade Commission	Toll-free 1-877-FTC-HELP
www.ftc.gov	For the Consumer

June 2000

Seized Cars from \$500

AND!

Foreclosed Homes from \$3,000

No Money Down!

Ads like these in newspapers and magazines, on television and the Internet, and in coupon mailings to your home may sound like the ticket to your dream home or car. They offer the chance to buy a big ticket item at auction — for well below its market value. What deals! Just call the toll-free number for more information.

What deals!

Is there a catch? You bet!

DON'T BE MIS-GUIDED

If you respond, you're likely to hear pitches for guides to cars and homes being sold in your area at great prices. But the guides aren't always what they're promised to be. And if you buy one, you may end up spending more than you planned.

You'll be charged about \$50 for each guide, either to your credit card or through a withdrawal from your checking account. You may even be billed for a guide you didn't order.

What steals?

Here's how it happens: When you place an order, the salesperson might offer to include another guide as well. What you won't be told is that you'll be charged for the second guide, even though you never agreed to buy it.

In many cases, the businesses bill your credit card or debit your checking account even if you never agreed to buy anything. They get your bank account or credit card information under false pretenses, sometimes claiming that they need the account number to verify your credit history or to "hold" your order.

And when auction guides arrive in the mail, chances are that they contain far less information than you expected. Actually, it's information that is readily available elsewhere for free.

The bottom line: While it's possible to buy cars at auction and homes through foreclosure sales, you won't find the "deals" advertised in auction guides sold by fraudulent promoters.

AUTO AUCTIONS

Despite claims to the contrary, the auto auction guides these companies sell *don't* contain specific information about dates and locations of auto auctions or lists of available cars. Rather, they contain general information about auto auctions and addresses and phone numbers — all of which

are available in your phone book. You'll still need to call for details about upcoming auctions.

And, despite what you might hear about auction guides or see in the ads, cars at auction typically sell for their fair market value. These auctions attract a variety of buyers, including used car dealers, so the bidding can get competitive. At many government sales, the items are appraised before the sale and won't be sold if the bidding runs too low. Indeed, it's rare to find high-end or late model vehicles for sale, especially at "bargain basement" prices. And the truth be told,

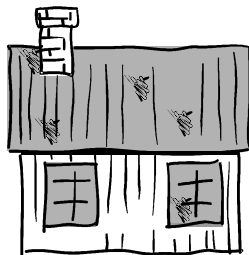


the cars that sell for \$500 or less usually are damaged or junk vehicles purchased for scrap.

FORECLOSED HOMES

The same goes for foreclosed homes. Most well-maintained homes sell for close to their appraised value. The houses that sell for significantly lower prices often are in disrepair or in unstable communities.

In addition, foreclosed homes are sold "as is." They don't come with warranties, and sellers aren't required to disclose any problems.



Buyers, particularly those who don't pay for a professional home inspector before closing on the deal, may find themselves mired in unanticipated repair bills.

NOT PROPRIETARY INFORMATION

Auction guide companies aren't the only ones with access to information about federal government sales programs. In fact, the information is available free or at a low cost from the government. Some agencies maintain mailing lists to notify people about upcoming sales. They may charge a subscription fee to maintain the list and cover their mailing costs.

Information about foreclosure sales also is available online, through the Multiple Listing Service, a database used by real estate agents, and through newspapers and other publications.

The classified or business sections of national or local newspapers often publish information about upcoming sales. In addition, trade papers like *Commerce Business Daily* occasionally publish information on sales programs. Your local library or Chamber of Commerce may maintain subscriptions for public use.

Some government sales programs also advertise on local radio and television. Or you may see notices posted at post offices, town halls and other government buildings. You also might want to contact individual

government agencies and affiliates about their sales programs. Look for listings in your phone book under "U.S. Government," or check out these websites:

- **U.S. Department of Housing and Urban Development:** www.hud.gov
- **U.S. Customs Service:** www.treas.gov/auctions/customs
- **U.S. Marshals Service:** www.usdoj.gov/marshals/assets/nsf.html
- **General Services Administration:** www.r6.gsa.gov/fss/property/govsurp.htm
- **Freddie Mac:** www.homesteps.com

THE BEST DEFENSE

If you respond to an ad for auction guide:

- Avoid giving your bank account or credit card number to a company representative who says it's necessary for verification or credit.
- Recognize that seized vehicles often *are* sold at government auctions, but rarely at the bargain prices quoted in some ads. Expect to pay what the vehicle is worth and to compete against other bidders, including used car dealers.
- Be aware that foreclosed homes often *are* sold for slightly less than their appraised values, but may require substantial repairs.
- Recognize that the auction guide company isn't the only source for the information you want. Contact individual government agencies for information

about their sales programs. Ask to be put on a mailing list to be notified of upcoming sales. Some government sales programs advertise in the media, on the Internet or through postings in government buildings.

- Get the name and location of the company and check it out with the local Better Business Bureau or state Attorney General.
- Get a written copy of the return policy before you pay for an auction guide or list of foreclosed homes. Some fraudulent sellers of auction guides give consumers the impression that refunds are no problem. But often, the businesses put so many conditions on refunds that few consumers ever get them.
- Use your credit card to pay for an auction guide. It offers more protections than other payment methods if you have a problem with the purchase.

FOR MORE INFORMATION

The federal Consumer Information Center (1-888-8-PUEBLO) has several publications about government property sales:

- *U.S. Real Property Sales List*. 5 pp. (Bimonthly. GSA) Item #517G. Free.
- *Guide to Federal Government Sales*. 19 pp. (1998. GSA) Item #111G. \$2.00.
- *National Sellers List*. 8 pp. (1999. DOJ) Item #321G. \$.50.
- *How You Can Buy Used Federal Personal Property*. 5 pp. (1998. GSA) Item #319G. \$.50.

WHERE TO COMPLAIN

You can file a complaint with the FTC by phone, toll-free: 1-877-FTC-HELP (382-4357); TDD: 202-326-2502; by mail: Consumer Response Center, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580; or at www.ftc.gov, using the online complaint form. Although the Commission cannot resolve individual problems for consumers, it can act against a company if it sees a pattern of possible law violations.



If you believe you have been victimized by fraudulent auction guide promotions, contact your local postmaster or the U.S. Postal Inspection Service by phone, toll-free: 1-888-877-7644; by email at: www.uspsaig.gov; or by mail at: U.S. Postal Inspection Service; Office of Inspector General; Operations Support Group; 222 S. Riverside Plaza, Suite 1250; Chicago, IL 60606-6100.

Other organizations that investigate fraud include your state Attorney General, state and local consumer protection offices or your local Better Business Bureau.

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